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DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

RECIPROCITY AND COMMERCIAL TREATIES. The United States Tariff Commission has published a substantial monograph entitled *Reciprocity and Commercial Treaties* (Washington, 1919, pp. 535). There are three main sections of the report. Part I is by far the most extensive, covering some 330 pages, and contains, primarily, a study of the reciprocity and tariff agreements of the United States, including the reciprocity treaty of 1854 with Canada, the reciprocity treaty of 1875 with Hawaii, the reciprocity negotiations covering the period from 1882 to 1890, the treaties and agreements under the tariff acts of 1890 and 1897, the bargaining features of the tariff acts of 1909 and 1913, the preferential treatment of certain American products by Brazil beginning in 1904, the Cuban reciprocity treaty of 1902, and the attempt to arrange a reciprocity treaty with Canada in 1910-1911. The method of treatment is both comprehensive and detailed, and embraces a carefully worked out statistical examination of the effects of the various treaties and agreements upon the commerce of the United States.

Part II, comprising upwards of 60 pages, is devoted to a study of the most-favored-nation clause in commercial treaties in both the unconditional and conditional forms. On the whole, this is an excellent treatment of this feature of commercial treaties which, in the past, has been accompanied with misunderstandings and difficulties of interpretation.

Part III, embracing about 50 pages, is concerned with an examination of the commercial policies and tariff systems of various European states, particularly those of Germany, France, and Russia, and with a classification, analysis, and description of modern tariff systems in general.

As has been the case with practically all of the publications of the United States Tariff Commission, the work in this monograph has been well done. Students and teachers of economics and government, as well as legislators, and men of affairs will find much in this complete and handy volume to inform them and clarify their minds upon questions related to tariffs and commercial policy. With respect to many of the topics considered, the data hitherto have been scanty and widely scattered. The volume is well indexed, and each of the three main parts is preceded by a full table of contents. An excellent summary of the report also is included.

Among the conclusions arrived at and the recommendations submitted are the following: The United States has not in the past followed a consistent and continuous policy with reference to reciprocity experiences and commercial arrangements; a policy of special agreements leads to troublesome complications; a great gain would accrue, now that the United States has embarked upon a policy of wide participation in world politics, if a clear and simple policy could be adopted and put into operation; the guiding principle of such a policy should be equality of treatment; such a general principle occasionally might need to be qualified; measures for securing just treatment from other countries may take the form of concessional arrangements or of additional duties. With reference to the latter, the report states that:

The method of additional duties is that which can be put into effect by the United States at once, without disturbance of its general tariff policy, and without committing the country definitely as regards the permanent commercial arrangements which may be evolved as part of the coming international settlement. The necessary flexibility can be secured by leaving the actual imposition of additional duties to the discretion of the President, who shall act always in conformity with a stated general principle and subject to general limitations defined by statute. Indeed, either system, the concessional or the additional, can be safely applied only when there is a provision for elasticity in its application and administration. It would seem indispensable that a considerable degree of freedom be left to the executive department. . . . The early enactment of legislation authorizing the imposition of additional duties at the discretion of the President is accordingly recommended by the Tariff Commission.

With reference to the future policy of the United States concerning the most-favored-nation clause, no recommendation is offered.

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The Bureau of Foreign and Domestic Commerce of the United States Department of Commerce has issued:

Miscellaneous Series:

- No. 77, *A Compilation of Statistics of Austro-Hungarian Trade, 1909-1913*, by J. J. Kral (Washington, 1919, pp. 64).
- No. 78, *Trade of the United States with the World, 1917-1918*: Part I, *Imports* (pp. 112); Part 2, *Exports* (pp. 346).
- No. 79, *International Trade in Cement, 1908-1913, and Latest Available Year*, by Edward Whitney (pp. 76).
- No. 82, *Chemicals and Allied Products used in the United States*, imports by quantities, values, and countries of origin during

the fiscal year 1913-1914 and statistics of domestic production, by Dr. S. R. Pickrell (pp. 194).

Special Agents Series:

No. 178, *Advertising Methods in Cuba*, by J. W. Sanger (pp. 47).

The report on *Uniform Classification of International Foreign Trade Statistics*, by the Statistical Division of the Bureau of Foreign and Domestic Commerce, has been reprinted from *Commerce Reports* of January 6, 1919 (pp. 11).

The hearings held February 3-5, 1919, before the Committee on Agriculture of the House of Representatives on *Wheat Price Guaranteed by Congress* have been printed (Washington, pp. 226). A supplementary statement on *Statistics on Movement and Storage of Grain Crops* made during these hearings is also printed (pp. 31).

The Bureau of the Census has issued special bulletins on *Statistics of Leather* as of May 31, 1918 (Washington, pp. 11) and *Census of Shipbuilding, 1916 and 1914* (pp. 35).

The Division of Bibliography of the Library of Congress has prepared a typewritten *List of Recent References on Ports and Harbors* (Washington, Sept., 1918) which contains 180 entries.

From the Bureau of Mines has been received the *Report of the Joint Committee* appointed from the Bureau of Mines and United States Geological Survey by the Secretary of the Interior to study the gold situation (Washington, 1919, pp. 84). This discusses gold production; gold standard and need of gold; production, exports, imports, and consumption; sources of gold in the United States; cost of producing gold; labor situation; and relief asked for the gold mining industry.

There is also received from the Bureau of Mines *Method of Administering Leases of Iron Ore Belonging to the State of Minnesota*, by J. R. Finlay (1919, pp. 40).

Two addresses by Henry S. Graves, of the National Forestry Service of the federal Department of Agriculture have been reprinted: *Private Forestry*, an address before the New England Forestry Conference, Boston, February 14, 1919; and *A National Lumber and Forest Policy*, an address before the Lumber Congress of Chicago, April 16, 1919 (Washington, March and April, 1919).

The *Third Annual Report of the State Market Director of California* and the *Second Annual Report of the State Fish Exchange* (Sacramento, 1918, pp. 174) furnishes supplementary information concerning this

activity, which was described by Professor Plehn in the March, 1918, number of this REVIEW (vol. VIII, p. 1).

The *Sixth Annual Report of the Conservation Commission of the State of New York*, 1916, contains a discussion of water power policy of the state (Albany, pp. 464).

The Bureau of Business Research of Harvard University, in bulletin number 12, has made a study of the *Operating Expenses in Retail Hardware Stores* (Cambridge, 1919, pp. 11, 50c.). The study is based on the experience of 218 stores in 39 states and Canada. It covers the war years of 1917 and 1918. The average figure for total expense was 20.6 per cent of sales. The average rate of stock-turn was 1.8 times a year.

The monthly bulletins on *Business Conditions* circulated by the Eagle Fire Insurance Company, Continental Insurance Company, and Fidelity-Phenix Fire Insurance Company (New York) contain a considerable amount of summarized material in regard to different branches of industrial and commercial activity.

Corporations

Additional parts, 11-12, on *Extension of Tenure of Government Control of Railroads*, representing hearings held before the Senate Committee on Interstate Commerce, February 18-21, 1919 (pp. 1201-1741), have appeared.

The statement of Albert M. Todd, president of the Public Ownership League of America, which was made in these hearings, has been published as a separate (pp. 44).

Document No. 4844 of the Interstate Commerce Commission deals with bills of lading (pp. 671-740).

The Chamber of Commerce of the United States has recently issued the *Report of the Committee on Railroads* made at the seventh annual meeting held at St. Louis in April of this year (pp. 16). An appendix prepared by this committee presents a synoptical arrangement of plans for railroad legislation (pp. 18) and will supplement the analysis made by Dr. Parmelee in the June number of this REVIEW (p. 392).

The Chicago and Northwestern Railroad has prepared a statement of points submitted to the Nebraska State Board of Equalization and Assessment and the Wisconsin Tax Commission in regard to the assessment of Nebraska and Wisconsin railroads respectively.

The address of Mr. Samuel Rea, president of the Pennsylvania Railroad System, on *What Railroad Rehabilitation Plan Should the Country Adopt?* delivered at the seventh annual convention of the Chamber of Commerce of the United States, has been printed as a separate (pp. 30).

Other documents relating to corporations have been received as follows:

Report of the Public Service Commission for the First District of the State of New York for the year ending December 31, 1917 (Albany, 1918, pp. 526).

Thirty-fourth Annual Report of the Railroad and Warehouse Commission of the State of Minnesota, for the year ending November 30, 1918 (Minneapolis, 1919, pp. 503).

Twenty-seventh Annual Report of the Railroad Commission of Texas, for the year 1918 (Austin, 1918, pp. 544).

Labor

The federal Bureau of Labor Statistics has issued the following bulletins:

No. 248, *Proceedings of the Fourth Annual Meeting of the International Association of Industrial Accident Boards and Commissions* (Mar., 1919, pp. 306). This meeting was held in Boston in August, 1917.

No. 249, *Industrial Health and Efficiency: Final Report of the British Health of Munition Workers' Committee* (Feb., 1919, pp. 374). This is the full and final report and completes the group of reprints which the bureau has been publishing of reports made by committees appointed by the British Minister of Munitions to investigate conditions affecting health and welfare of workers.

No. 250, *Welfare Work and Employees in Industrial Establishments in the United States* (Feb., 1919, pp. 139). This contains chapters on health measures for employees, drinking water systems, washing-up and locker facilities, lunch-rooms and restaurants, indoor and outdoor recreation, education, disability funds, pensions and group insurance, encouragement of thrift, administration of welfare work, and social betterment among employees families.

The United States Training Service of the Department of Labor

The Governor-General then in a message sends the budget as prepared by the cabinet to the legislature for approval or rejection.

Before the preparation of the budget, a general line of policy is first agreed upon by the cabinet in a meeting in which the presiding officers of both houses are also present. Once the general policy is agreed upon, a circular is sent in July to all offices and bureaus requesting them to send in their estimates, which should include the possible receipts and the proposed expenditures for the coming year. These estimates are made under the supervision and control of the department heads who have the power to cut down or add items. These different estimates are then submitted by the department heads to the Secretary of Finance not later than August 20 of every year. The main work of the Department of Finance is to coordinate the different departmental estimates in accordance with the general plan agreed upon at the cabinet meeting. It often happens that a certain item submitted by a departmental head is already duplicated by another item from a different department. Any conflict between a departmental head and the Secretary of Finance is submitted to the cabinet for decision. The final budget is approved at the meeting of the cabinet in which the presiding officers of the houses attend.

The presence of the presiding officers in the cabinet meetings must be explained. The reason is that the two most prominent Filipino leaders in the government are not cabinet members, but are the presiding officers of both houses. In order therefore to fortify the position of the budget in the legislature, the informal concurrence of the presiding officers became necessary. This rather anomalous arrangement has been done away with, with the creation of the Council of State, composed of the cabinet members and the presiding officers of both houses. Henceforward the budget will be made by the Council of State and not the cabinet.

Once the budget is definitely approved by the cabinet, or the Council of State, as will be the case in the future, the Governor-General submits it with a message to the legislature. The message is read by the Secretary of Finance in a joint session of the legislature. The lower house, by agreement with the upper, is the first one to take up the budget. It sets out a date for the appearance of the Secretary of Finance to explain the details of the budget and to answer all questions propounded by the members. This appearance usually lasts five days and full opportunity is given the minority party to discuss the several items of the bill. To explain further the details of the budget, the individual departmental secretaries may be called, although this is not

Women Employed in Canning and Preserving Establishments in Massachusetts (Boston, 1919, pp. 51).

The *Third Biennial Report of the Industrial Welfare Commission of the State of Washington, 1917-1918* (Olympia, 1918, pp. 61) deals with minimum wage legislation and the employment of women and children.

A study has also been made of *Hours and Health of Women Workers* by the Illinois Industrial Survey, published as a state document under date of November 30, 1918 (pp. 120). This is a longer study and contains a considerable amount of statistical data showing the recent trend to a shorter work day in different industries.

The *Proceedings of the Third Industrial Safety Congress of New York State*, held at Syracuse in December, 1918, has been published by the Bureau of Statistics and Information of the State Industrial Commission.

The St. Paul Public Library has made a brief list of books on *Employment* relating more particularly to selection and training of employees, tardiness, absenteeism, turnover, welfare and efficiency methods, training employees, and the employment department.

Among other reports dealing with labor are the following:

Sixteenth Biennial Report of the Colorado Bureau of Labor Statistics, 1917-1918 (Denver, 1918, pp. 146).

Labor Laws. Revision of 1918 (Hartford, Connecticut Bureau of Labor Statistics, pp. 91).

Thirty-third Annual Report of the Massachusetts State Board of Arbitration, 1918 (Boston, 1919, pp. 98).

Third Biennial Report of the Department of Labor and Industry of Montana, 1917-1918 (Helena, pp. 205).

Biennial Report of the Nevada Industrial Commission, reviewing the administration of the Nevada industrial insurance act for July, 1916, to July, 1918 (Carson City, 1919, pp. 40).

Report of the Bureau of Labor for New Hampshire for the biennial period ending August 31, 1918 (Concord, 1918, pp. 105).

Statistics of Mines and Quarries in Ohio, 1917 and Union Scale of Wages and Hours of Labor in Ohio on May 15, 1918 (Columbus, Industrial Commission of Ohio, Bulls. 2, 3 of vol. V, pp. 98, 46).

Twenty-fifth Annual Report of Factory Inspection, Rhode Island (Providence, 1919, pp. 78).

Money, Prices, Credit, and Banking

THE BANK OF NORTH DAKOTA. Among the principal laws enacted by the North Dakota Legislative Assembly of 1919 is an act declaring the purpose of the state of North Dakota to engage in the banking business and to establish a system of banking under the name of the Bank of North Dakota, operated by the state. The capital of the bank is to be the fund obtained by the sale of bonds in the sum of two million dollars. Among other provisions the act requires that all state, county, township, municipal and school district funds, and funds of all penal, educational, and industrial institutions, and all other public funds be deposited in the bank within three months from the approval of the act, and makes a violation of this provision a misdemeanor, punishable by fine and imprisonment; it exempts from liability for loss any official depositing public funds in said bank, and the sureties on his bond; it authorizes the bank to receive deposits from any source, and authorizes funds to be deposited to the credit of the bank in any other bank provided by the commission; it guarantees all deposits in the bank, and exempts them from taxation. The bank, as a matter of fact, is given a blanket permission to do almost anything in the clause which authorizes it to transfer funds to other departments, institutions, utilities, enterprises, and all industries of the state; to make loans to political subdivisions thereof, or to state or national banks, and to make mortgage loans on real estate in amounts not to exceed one half its value, or on warehouse receipts not to exceed 90 per cent of the commodities evidenced thereby; but prohibits it from loaning on real estate more than 30 per cent of its capital, nor, in addition thereto, more than 20 per cent of its deposits.

The bank is to be under the supervision of the Industrial Commission created by the same legislature as the bank. This Industrial Commission is composed of the governor, the attorney general, and the commissioner of agriculture and labor; two of these constitute a quorum, but the governor's approval of all orders, rulings, by-laws, or contracts is required before they become effective. Among other things the Industrial Commission is given power to fix rates of interest allowed and received, and to fix charges for services rendered by the bank; to purchase, lease, or condemn all requisite property, and to construct and repair buildings, but is prohibited from investing more than 10 per cent of the capital of the bank in buildings, or fixtures for office purposes; to employ a manager and subordinate officers, and such contractors, architects and other agents as in its judgment the

interests of the state may require, and to define their duties, designate their titles and fix their books and compensations; to discharge such employees whenever in its judgment the public interests require it; to prescribe the form of application for mortgage loans and provide for appraisal of real estate; to extend all payments under any real estate mortgage for one year in case of crop failure; to assign such mortgage to the state treasurer as security for bond issues.

The act also authorizes civil actions against the state on account of causes of action arising out of transactions connected with the operation of the bank, and requires the state examiner to inspect the bank at least twice a year, and report the results thereof to the commission and to the ensuing legislative assembly.

The two features to be especially noted are the wide scope of business the bank is authorized to conduct and the political character of the Industrial Commission which directs the bank. A referendum vote of the state on June 26 endorsed the acts creating the bank and the Industrial Commission.

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PRICES AND INCOMES IN GERMANY DURING THE WAR. Dr. Victor Clark has kindly submitted the following translation of an article by Rudolph Rettig, of Dresden, which appeared in the *Roter Tag*, May 21, 1919, on prices and incomes during the recent war.

"The outcome of the world war forces us to consider the tremendous economic blunders committed at that time. There is little doubt but that economic mismanagement, especially during the last two years, contributed directly to the political overthrow and did untold harm to the national cause. It is for this reason of supreme importance that we should study closely the relation of prices and incomes, or, in other words, the economic readjustments between the different classes of the population. For this reason a number of investigations along the lines indicated below should be undertaken at once. They do not confirm the common impression that high wages are the reason of our present economic distress. At least that is the inference for the period prior to the revolution. We learn that prices have risen far above the measure justified by the increase in the cost of production and consequently profits were made that led to a very unjust distribution of the burdens of the war among the different classes of the people.

"The relative percentages of the following items of costs and profits of a specific industrial establishment illustrate what I mean:

Items	1912-13	1913-14	1914-15	1915-16	1916-17	1917-18
Wages	28.49	33.85	34.	29.57	23.95	16.87
Waste in operation....	18.13	19.78	21.33	25.23	22.26	26.30
Losses in business transactions	7.23	7.53	9.10	7.64	6.74	4.97
Porto (postage)41	.42	.53	.41	.36	.22
Construction and repairs	5.64	3.12	1.99	.83	1.48	2.47
Taxes and contributions	2.18	2.45	2.85	2.76	2.79	2.76
Interest82	1.48	1.73	2.83	.92	
Depreciation	22.32	18.21	13.52	15.01	17.70	14.77
Total	85.22	86.84	85.05	84.28	76.20	68.36
Net profits	14.78	13.16	14.95	15.72	23.80	31.54
Dividends	100.00 6.	100.00 6.	100.00 5.	100.00 6.	100.00 12.	100.00 25.

"Such examples might be multiplied indefinitely. Almost without exception it will be shown that wages in proportion to every 100 marks in value of products actually declined between 1914 and 1917, while profits rose remarkably. We must add to this that wholesalers and retailers not only collected the same percentages of profits during the war that they were accustomed to make during peace, but almost invariably increased that percentage. The result was that the income of the entrepreneur class not only increased, but did so relatively to the higher prices, to the detriment of the other classes of society, including wage-earners. It is a fundamental error to ascribe high prices to the high wages of employees during the war. As the example quoted shows, the economic status of the working people who were employed during the war, and who received nominally high incomes, deteriorated rapidly. Consequently, it is very easy to see that the pressure of these economic conditions would rest with extreme heaviness on families of men engaged in the war and upon civil servants."

The Chamber of Commerce of the United States has prepared a pamphlet on *Trade Acceptances* summarizing the supporting and opposing arguments(Washington, 1918, pp. 24).

Dealing also with trade acceptances are pamphlets on *Would the Adoption of the Trade Acceptance be to your Advantage?* (pp. 16), an address by S. L. Stix, chairman of the Trade Acceptance Committee, before the National Wholesale Grocers' Association of the United States; and *The Importance of the Cash Discount in the American Credit System* (pp. 14), an address delivered before the New York

Wholesale Grocers' Association, January 15, 1919, by Wallace D. Simmons. These are circulated by George H. Paine, Philadelphia.

The Trade Acceptance and Cash Discount, containing letters and excerpts, has been compiled by Robert R. Ellis, of the National Wholesale Druggists' Association (Memphis, Tenn., pp. 38).

The National Bank of Commerce in New York has a revised edition of *Commercial Banking Practice* under the Federal Reserve act (New York, 1918, pp. 127).

The *Preliminary Report of the Commission to Codify and Revise the Law Relating to Banks, Private Bankers, and Trust Companies Doing Business in the Commonwealth of Pennsylvania* was submitted February 26, 1919 (Harrisburg, pp. 54).

Other recent reports dealing with state banking are as follows:

Annual Report of the Superintendent of Banks of Alabama, for the fiscal year ending September 30, 1918 (Montgomery, pp. 134).

Ninth Annual Report of the Superintendent of Banks of California, 1918 (Sacramento, pp. 564).

Twelfth Annual Report of the Bank Commissioner of Colorado, 1918 (Denver, pp. 240).

State of Michigan Laws relating to Banking (Lansing, 1917, pp. 140).

Ninth Annual Report of the Department of Banking of Minnesota, for the year ending July 31, 1918 (Minneapolis, pp. 291).

Annual Report of the Commissioner of Banking and Insurance, 1917 (Trenton, pp. 41).

Annual Report of the Superintendent of Banks of New York, 1918 (Albany, 1919, pp. 435).

Eleventh Annual Report of the State Banking Department of Oregon, 1918 (Salem, 1919, pp. 90).

Twelfth Annual Report of the State Bank Examiner of the State of Washington, 1918 (Olympia, 1919, pp. 45).

Public Finance

THE PHILIPPINE BUDGET SYSTEM. One of the first governmental reforms carried out by the Philippine legislature after the establishment of an autonomous government under the Jones law was a budget system. The movement originated in the Philippines, as neither the first Organic act of the Philippines, the Act of 1902, nor the Jones law, suggested the establishment of the system. And the system that

was established under the Organic act of 1902 was, from the standpoint of a responsible democratic government, even worse than any American system on the continent, for it completely took away from the representatives of the people their rightful share in the appropriation and disbursement of public funds.

The Organic law of 1902 provided that all appropriations must be made by law (sec. 5, par. 15). This apparently gave the Philippine Assembly, established in 1917, co-equal power with the Philippine Commission in money matters. But such was in reality not the case. The other provision, that in case of a deadlock on an appropriation bill the entire sum appropriated the year before should be considered as appropriated for the ensuing year (sec. 7, par. 3), gave the Governor-General almost dictatorial power in fiscal matters. He could create, and did create, offices in defiance of the opposition of the representatives of the people, and could dispose in whatever way he wished of all the money of the government so long as the entire sum did not exceed the sum previously appropriated. Thus while all other popular legislative bodies had the distinction of commanding and controlling all money bills, serving thereby as a great check upon the executive, our Philippine Assembly was deprived of this function and was, as a result, a considerably weaker body than most legislative assemblies.

Under the circumstances the budget system could not in any way have been established. There was no executive responsible, or one who could be made responsible, to the Filipino branch of the legislature, and to whom the preparation of the budget could be entrusted. Nay, it was even more advantageous for the Filipino people to demand the principle of the congressional system, the initiation of all money bills in the lower house. This demand, after a long struggle with the commission, was gained, although with no great advantage, for, there being constant deadlocks between the two houses on appropriation bills, the fiscal power remained practically in the hands of the Governor-General.

The procedure followed in the submission and preparation of estimates was similar to the American federal practice. Thirty days before the opening of each regular session, each bureau chief—not the department head—sends to the Executive Secretary, a statement of the receipts and expenditures of his bureau or office during the year and an estimate of the receipts and necessary expenditures thereof for the ensuing fiscal year. Like the Secretary of the Treasury of the United States, the Executive Secretary simply compiles these estimates and sends them to the legislature. He has no power of revision or cōor-

dination. There was no executive responsible for the fiscal plan of the government. It was the question of who had the greatest "pull."

Other bills appropriating money were introduced in a hit-or-miss fashion, following no systematized and unified scheme of national improvement. Measures were considered on their individual merits, and not a well-defined fiscal plan with a view to the needs of the entire country. Nor were they based on any certain amount of revenue that might be gathered. Thousands of bills of this character were introduced at every session. Had they all passed, the resources of the country for years to come would have been exhausted. We never knew whether disbursements were exceeding receipts; never knew, even more or less definitely, whether the government was running into bankruptcy or accumulating a surplus. This was shown to be the fact when on the assumption of office by Governor Harrison it was widely asserted that the Philippine government had been running headlong towards financial ruin. "For three years prior to 1913," said Governor Harrison in his first message, "the government had expended from two to two and a half millions pesos yearly in excess of its ordinary income, and in 1913 had expended more than 7,000,000 pesos in excess of such income." Seven million pesos in excess of our income! The fact had never been openly communicated to the people or their representatives.

That there was an unpardonable lack of systematization in the financial system previous to the passage of the Jones law can be easily seen in the number and nature of appropriation bills annually passed by the Philippine Commission and the Philippine legislature. From April 3, 1915, to March 16, 1916, for instance, thirty-seven acts carrying a total appropriation of over 38,000,000 pesos were passed. The list follows on page 635.

The table of laws shows a lack of systematized groupings of objects for the easy comprehension of the public or the legislature. At the end of a session a member could not know what had been the main fiscal policy of the legislature. Appropriations for social improvement or economic development are in several and independent bills. Act 2523, for instance, appropriates 20,000 pesos for extermination of locusts and rinderpest in Mountain Province, Neuva Vizcaya, Mindanao and Sulu; act 2526 sets aside 35,000 pesos for agriculture, industry, health and irrigation in Mountain Province; act 2548 provides 50,000 pesos for immunization; act 2598 gives 10,000 pesos for Junta de Productos del Coco; act 2613 appropriates 15,000 pesos for the foment of tobacco; act 2651 adds 25,000 pesos for immunization

ACTS CARRYING APPROPRIATIONS PASSED BY THE PHILIPPINE LEGISLATURE OR THE
PHILIPPINE COMMISSION ALONE FROM APRIL 3, 1915, TO FEBRUARY 24, 1916

	Number of act	Amount carried	Object
		(<i>pesos</i>)	
1	2519	12,000	Lepanto trail
2	2521	2,500	Publicity for forest study in Agusan Valley
3	2523	20,000	Locusts and rinderpest in Mountain Province, Nueva Vizcaya, Mindanao and Sulu
4	2524	15,000	Roads and bridges in Nueva Vizcaya
5	2525	10,000	Cholera in Mindanao and Sulu
6	2526	35,000	Agriculture, industry, health and irrigation in Mountain Province
7	2529	10,000	For Baguio Fair
8	2531	1,000,000	Education in non-Christian parts
9	2534	Not fixed	For destructions made by baguios
10	2535	15,000	For repairs in Benguet Road
11	2540	25,468,913	General appropriation bill
12	2542	52,000	Repair Naguillian Baguio Road for 1916
13	2543	1,458,491	Appropriation for Mindanao and Sulu
14	2546	16,000	For Hotel Pines, Baguio
15	2547	269,311	Current expenses for Mountain Province and Nueva Vizcaya
16	2548	50,000	For immunization
17	2550	Not fixed	For obligations of friar lands
18	2575	2,000	For creation of fiscalship in Palawan and other purposes
19	2583	2,621,000	Permanent improvements
20	2596	100,000	Aid to young industries
21	2598	10,000	For Junta de Productos del Coco
22	2607	2,500,000	Deposits in Commercial Bank for Agricultural Loans
23	2610	49,145	Judiciary deficiency bill during 1916
24	2611	118,883	Deficiency bill for other governmental office for 1916 (Total deficiency 168,027.59 pesos)
25	2612	2,300,000	Part payment for National Bank
26	2613	15,000	Foment of tobacco
27	2623	10,000	Conservatory of Music
28	2624	Not determined	To pay interest on bonds
29	2625	Not determined	For amortization of bonds
30	2632	7,500	For schools in Mountain Province
31	2633	1,000,000	To combat infant mortality
32	2637	10,000	Exhibition at Formosa
33	2638	71,000	"Reimbolso" of land taxes in baguio-ridden province
34	2649	10,000	For forest reserve purposes
35	2651	25,000	For immunization
36	2652	Not fixed	Loans for irrigation purposes
37	2659	2,250	For police quarters, Mountain Province
		38,341,993	

funds provided in act 2548; act 2652 provides for loans for irrigation purposes. All these acts refer to the development of agriculture, and should be grouped together in one bill under that heading. They were

undoubtedly drafted by different persons who might not have the same ideas as to the way the agricultural development should be carried on. It is likely that some of these bills are at cross purposes with other bills on the same subject.

Such was, in brief, the system of government finance in vogue prior to the Jones law. There was no attempt on the part of the Filipinos to adopt a budget system, for there was no responsible executive to frame it. All executive posts were filled by appointment by the President of the United States or the Governor-General without the consent of any representative Filipino body.

There was no centralized responsibility in the preparation and submission of estimates. Every little bureau was a department by itself, prepared its own estimate, and sent it to the legislature through the Executive Secretary. There was no coördination, each bureau tried to get as much as it could. There was no financial secretary to clip the wings of over-ambitious bureaus obsessed with self-importance. The result was an extravagant, top-heavy bureaucracy, an unnecessary duplication of work and activity.

But the coming of the Jones law did not immediately solve the problem. As stated elsewhere, the law did not provide for a budget system, and there were some who doubted whether it could be made possible under its provision. Section 21 of the law states that: "The Governor-General shall submit to the Philippine legislature within ten days of the opening of each regular session a budget of receipts and expenditures, which shall be the basis of the annual appropriation bill."

This provision and the fact that the Governor-General still retained, according to law, supreme executive power, created in the minds of some the doubt as to whether the executive could be entrusted with the framing of the budget. The establishment, however, of a popular cabinet largely responsible to the legislature overcame the objection.

But there was another difficulty. Under section 21 of the Jones law referred to above, it is the Governor-General who is to submit a "budget of receipts and expenditures." Should he therefore draft the budget or should the cabinet draft it? In the latter case, the legislature might not be willing to give up its prerogative of preparing financial measures. Again Governor-General Harrison came to the rescue, and following the generous spirit of the Jones law delegated to the cabinet the formulation of the budget. The old practice of having bureau chiefs prepare and submit their estimates was changed. Their estimates must now go to the department head for revision.

The Governor-General then in a message sends the budget as prepared by the cabinet to the legislature for approval or rejection.

Before the preparation of the budget, a general line of policy is first agreed upon by the cabinet in a meeting in which the presiding officers of both houses are also present. Once the general policy is agreed upon, a circular is sent in July to all offices and bureaus requesting them to send in their estimates, which should include the possible receipts and the proposed expenditures for the coming year. These estimates are made under the supervision and control of the department heads who have the power to cut down or add items. These different estimates are then submitted by the department heads to the Secretary of Finance not later than August 20 of every year. The main work of the Department of Finance is to coördinate the different departmental estimates in accordance with the general plan agreed upon at the cabinet meeting. It often happens that a certain item submitted by a departmental head is already duplicated by another item from a different department. Any conflict between a departmental head and the Secretary of Finance is submitted to the cabinet for decision. The final budget is approved at the meeting of the cabinet in which the presiding officers of the houses attend.

The presence of the presiding officers in the cabinet meetings must be explained. The reason is that the two most prominent Filipino leaders in the government are not cabinet members, but are the presiding officers of both houses. In order therefore to fortify the position of the budget in the legislature, the informal concurrence of the presiding officers became necessary. This rather anomalous arrangement has been done away with, with the creation of the Council of State, composed of the cabinet members and the presiding officers of both houses. Henceforward the budget will be made by the Council of State and not the cabinet.

Once the budget is definitely approved by the cabinet, or the Council of State, as will be the case in the future, the Governor-General submits it with a message to the legislature. The message is read by the Secretary of Finance in a joint session of the legislature. The lower house, by agreement with the upper, is the first one to take up the budget. It sets out a date for the appearance of the Secretary of Finance to explain the details of the budget and to answer all questions propounded by the members. This appearance usually lasts five days and full opportunity is given the minority party to discuss the several items of the bill. To explain further the details of the budget, the individual departmental secretaries may be called, although this is not

often resorted to, the Secretary of Finance generally assuming responsibility of the whole budget. It is the general rule in the discussion of the budget that the legislature may diminish the estimates, but may not increase them. Once the budget is approved in principle, it is sent to the Committee on Appropriations with instructions to draft the appropriation bill in accordance with the budget. This committee again examines the different items of the budget, then frames and submits its appropriation bill. The committee generally follows the instructions of the house and suggests in its bill only those changes that are absolutely necessary. Once the appropriation bill is approved by the house, it is sent to the senate, where the Secretary of Finance again appears to explain the different items contained therein. The general tendency of the senate is to act as a sort of arbitrator in the difference between the cabinet and the house.

The financial plan of the executive or Council of State does not cover all the proposed financial activities of the government. In its plan it usually leaves a surplus for the legislature to appropriate the way it pleases. This takes the form of new ventures and activities, like the recent creation of the National Development Company.

The system is conceded by friends and foes as a decided improvement over the old one. It is considered one of the greatest achievements of the Filipino people during the three years of Philippine autonomy. It has placed the Philippines, to use the words of Governor-General Harrison, "among the foremost progressive nations in fiscal legislation."

But it is not only the system of finance that has been changed and placed on a scientific basis. We may have the safest safe in the world, but if we have nothing to put in it it will not help us any. The Philippines have improved both the financial system and the finances. In 1913 Governor Harrison spoke of two and a half millions of deficit yearly. At the end of 1918 there was a surplus of nearly 40,000,000 pesos in the insular treasury. Our national debt is only \$26,000,000, and ample sinking funds have been provided for its redemption.

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MICHIGAN BUDGET COMMISSION OF INQUIRY. The Michigan legislature, in 1917, appointed a commission to seek out possible economies in state expenditure and to formulate a budgetary system for the state government. Its report (*Report of the Michigan Budget Commission of Inquiry*, Lansing, 1918, pp. 277) consists chiefly, as far as pages are

concerned, of the record of hearings at which the various state officers were questioned about the operation of their departments. In this record there is ample evidence to support the conclusions of the commission that considerable duplication of services existed and that an adequate system of accounting and control was lacking in many if not most of the departments. Accordingly it has recommended the centralization of the audit and control of the expenditures in a single state office and the passage of a compulsory uniform accounting law applicable to state and county offices alike.

The conclusions of the commission concerning the appropriation of funds by the legislature differ in no important particulars from those arrived at by similar commissions in other states. Political and personal influence rather than excellence of administration and public need have been too potent in determining the amounts of money granted many of the departments of the state government. Custom, politics, and easy-going business methods ruled in the application of funds. For the correction of these abuses the commission recommends a mild type of executive budget. Its plan as embodied in a proposed statute provides for the formulation of a scientific budget by the governor. The action of the legislature in considering this budget is not limited, however, as in Maryland and Utah, to reducing or striking out items. It may, as far as the commission's plan is concerned, increase or make additions. The plan thus resembles the scheme in use in California, and those who observed its operation in that state during the last session of the legislature can testify that it is not proof against the abuses of which the Michigan commission complains. Under the leadership of a governor who stood for economy in the conduct of public business and who commanded a majority of the legislature, good results were obtained. At the last session of the legislature extravagant appropriation bills in excess of the recommendations of the Board of Control again exhibited the weakness of any scheme that allows the legislature to increase the amount provided for in the executive estimates.

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The Fourth Biennial Report of the Arizona State Tax Commission (Phoenix, Dec. 31, 1918, pp. 146) describes the departure made by the tax commission during the past two years in its assessment of intangible values.

The Report of the Proceedings of the Eighteenth Annual Conference

of the *State Board of Tax Commissioners and the County Assessors of Indiana, 1919*, has been printed (Indianapolis, pp. 157).

The *Sixth Biennial Report of the Minnesota Tax Commission* (Minneapolis, 1918, pp. 329) contains chapters on the taxation of telephone companies, taxation of banks, cost of government in Minnesota, and mines and minerals.

The *First Biennial Report of the State Tax Commission of Missouri* presents a *Budget* for the years 1919-1920 (Columbia, pp. 159).

There has also been issued *Executive Budget of Ohio* together with the budget commissioner's report of revenue and expenditures, 1919-1920 (Columbus, pp. 229).

A compilation has been made of the *Tax Laws of the State of New Jersey* (Trenton, State Board of Taxes and Assessment, pp. 293).

A compilation has also been made of the *Virginia Tax Laws, 1918* (Richmond, Auditor of Public Accounts, 1918, pp. 246).

Number 6, volume 3, of the series of bulletins on *State Finances*, published by Hudson M. Travis, state comptroller of New York, is devoted to questions and answers on the income tax (Albany, pp. 24).

Bulletin 582 of the New York Tax Reform Association deals with *Tax Reform Legislation in the State of New York, 1919* (New York, 29 Broadway, pp. 4).

The Advisory Council of Real Estate Interests has prepared a little pamphlet on *Retrenchment, Taxation and Tax Limitation in New York* (L. D. Woodworth, secretary, 55 Liberty St., New York, pp. 10).

Other documents dealing with taxation are as follows:

Seventh Annual Report of the Colorado Tax Commission, 1918 (Denver, pp. 166).

First Annual Report of the Kentucky State Tax Commission, 1918 (Frankfort, 1919, pp. 118).

Biennial Report of the Nevada Tax Commission, 1917-1918 (Carson City, 1919, pp. 49).

Fifth Biennial Report of the State Tax Commission of Oregon, 1919 (pp. 78).

Emergency Tax Laws of South Dakota, 1919 (Pierre, 1919, pp. 15).

Biennial Report of the Commissioner of Taxes of Vermont, for the term ending June 30, 1918 (Montpelier, pp. 166).

Demography

The Division of Negro Economics of the federal Department of Labor has issued a study on *Negro Migration in 1916-17* containing reports by R. H. Leavell, T. R. Snavely, T. J. Woofter, Jr., W. T. B. Williams, and Francis D. Tyson. Special inquiry has been made in regard to negro migration from Mississippi and Georgia as well as other southern states, and the negro migrant in the North.

The Bureau of the Census has published as bulletin 138, *Estimates of the Population of the United States, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917*, including results of state enumerations made in 1915 (Washington, 1918, pp. 57).

This bureau has also issued a special report on *Marriage and Divorce* under date of October 19, 1918 (Washington, pp. 47). This report is based on the statistics for the year 1916 only and represents the first collection made by the bureau since the publication of the report of 1909.

Insurance and Pensions

The United States Employees' Compensation Commission has made its *Second Annual Report*, for the period from July 1, 1917, to June 30, 1918 (Washington, pp. 286).

The Bureau of Labor Statistics has published, as bulletin number 240, *Comparison of Workmen's Compensation Laws of the United States up to December 31, 1917*, by Carl Hookstadt (May, 1918, pp. 106).

The United States Department of Agriculture, in bulletin number 786, has made a brief study of the *Prevailing Plans and Practices among Farmers' Mutual Fire Insurance Companies*, by V. N. Valgren (pp. 15).

The Insurance Department of the State of New York has made a report on an investigation of the *Practices of Marine Insurance Companies, Agents and Brokers*, in transacting the business of marine insurance (Albany, Dec. 2, 1918, pp. 32).

The *Sixtieth Annual Report of the Superintendent of Insurance of the State of New York* covers transactions of the calendar year, 1918 (Albany, 1919): Preliminary Text and Tables (pp. 59); Statistical Tables (pp. 20).

The Ohio Health and Old Age Insurance Commission has prepared a

summary of its findings, recommendations, and dissenting opinions in a pamphlet on *Health Insurance and Old Age Pensions* (Columbus, Jan., 1919, pp. 23).

The *Sixteenth Biennial Report of the Department of Labor and Industries of Minnesota, 1917-1918* (pp. 187) devotes considerable attention to workmen's compensation.

The *Report of the Social Insurance Commission of California*, made under date of March, 1919, is of more than usual interest. In making the investigation the services of Dr. Woods Hutchinson were secured and the report contains a special study made by Dr. Hutchinson on medical administration of health insurance (pp. 28-35). The appendix contains digests of the British health insurance law and of several reports on administration of national health insurance between 1912 and 1917.

The National Board of Fire Underwriters has published the *Report of the Committee on Statistics and Origin of Fires* (New York, May 22, 1919.) This contains exhaustive statistical tables.

The address of F. C. Buswell, president of the National Board of Fire Underwriters, made at the fifty-third annual meeting on May 22, 1918, has been printed as a separate. It contains a chart of loss ratio for 59 years, showing the movement of net fire losses incurred to net fire premiums written.